

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 EURE-00 ISO-00 SWF-02 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 SS-20 NSC-07 L-03 H-03 PA-04 PRS-01 USIA-15

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TO SECSTATE WASHDC PRIORITY 2992

INFO AMEMBASSY PARIS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION NATO BRUSSELS

USMISSION OECD PARIS

USMISSION BERLIN

USDEL MBFR VIENNA

C O N F I D E N T I A L BONN 08926

BERLIN FOR AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR, EEC, EGEN, UK

SUBJECT: EC RENEGOTIATION

REF: LONDON 6973

1. RELIABLE FONOFF SOURCES INFORM US THAT JUNE 4 EC

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COUNCIL SESSION ON EC RENEGOTIATION WAS "PREPARED IN

ADVANCE" BY WEEKEND SCHMIDT-GISCARD MEETING IN PARIS AND BILATERAL LUXEMBOURG EXCHANGES OF GENSCHER, SAUVAGNARGUES AND CALLAGHAN. PRINCIPAL GOAL OF GERMANS, AS EC PRESIDENT, WAS TO ASSURE THAT FRENCH FOREIGN MINISTER "WOULD NOT ASCEND FROM HIS COUNCIL CHAIR IN RIGHTEOUS WRATH UPON HEARING THE WORD RENEGOTIATION PASS FROM CALLAGHAN'S LIPS". IN SHORT, GENSCHER'S PURPOSE WAS PREVENTIVE DIPLOMACY.

2. ACCORDING TO OUR SOURCE, IT BECAME CLEAR TO GENSCHER FROM HIS BILATERAL WITH CALLAGHAN THAT THE EIGHT WOULD NOT AGREE TO CONSIDER BRITISH DEMANDS UNDER THE RUBRIC OF "RENEGOTIATION". ON THE OTHER HAND, OUTRIGHT REJECTION WOULD TREMENDOUSLY COMPLICATE THE HMG INTERNAL POLITICAL POSITION. A WAY WAS NEEDED TO AVOID ACCORDING ANY EC BLESSING TO THE "RENEGOTIATION" TERMINOLOGY WHILE PERMITTING THE BRITISH TO ACT OUT THE ROLE OF RENEGOTIATOR FOR INTERNAL POLITICAL AUDIENCES. SCHMIDT AND GISCARD DISCUSSED THE TOPIC, LATER EMPHASIZING THE NEED FOR ADHESION TO "THE LETTER AND SPIRIT OF THE EC TREATIES" (SEE SEPTEL). GENSCHER FURTHER PREPARED THE GROUND WITH SAUVAGNARGUES AND COAXED CALLAGHAN TO AVOID AFFRONT TO ESTABLISHED EC GODS.

3. IN THE EVENT, THE GERMANS AND OTHERS WERE GRATIFIED BY THE MORE CONCILIATORY TONE OF CALLAGHAN'S REMARKS, ALBEIT AWARE THAT TOUGH TALKS LOOM AHEAD ON THE SUB-STANTIVE ISSUES. IN FACE OF THE UK BUDGET DEMANDS, THE COUNCIL APPROVED GENSCHER'S RECOMMENDATION THAT THE EC COMMISSION UNDERTAKE A BROAD STUDY OF THE EC ECONOMIC/FINANCIAL SITUATION AND REPORT BACK TO THE COUNCIL. THE RUBRIC OF THE STUDY IS NOT LIMITED TO THE UK DEMANDS AND AVOIDS THE WORD "RENEGOTIATION". BONN HOPES OTHER BRITISH WISHES CAN BE ADDRESSED AS POSSIBLE ADJUSTMENTS DURING NORMAL EC BUSINESS.

4. COMMENT: THIS PAPERED OVER COMPROMISE DOES NOT ALTER THE STRONG SENTIMENT IN BONN, PARIS AND OTHER EC CAPITALS AGAINST THE CURRENT BRITISH RENEGOTIATION
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GAME. GERMAN OFFICIALS CONTINUE TO EXPRESS READINESS TO MEET REASONABLE BRITISH DEMANDS AS LONG AS THE "LETTER AND SPIRIT OF EC TREATIES REMAIN UNAFFECTED". HOWEVER, AS FAR AS WE CAN GUAGE, FEELING HERE SEEMS TO BE GROWING THAT THE LABOR PARTY LEADERS SHOULD NOT BE PERMITTED TO HAND FURTHER BLOW TO EC UNIFICATION PROCESS "FOR STRICTLY INTERNAL POLITICAL REASONS". FRG BITTERNESS IS DOUBTLESS DUE IN LARGE PART TO FACT THAT PRIOR

STRONG FRG EFFORTS TO GAIN BRITISH ENTRY COMMENCED DURING
LAST WILSON GOVERNMENT. IN ANY CASE, VAN WELL AND OTHER
KEY GERMAN OFFICIALS ARE MAKING IT KNOWN THAT GERMAN
DESIRE TO KEEP BRITISH IN WOULD NOT WARRANT MODIFICA-
TIONS TO EC TREATIES, AND THAT, IN THE END, THE CHOICE
IS UP TO LONDON.

HILLENBRAND

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